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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

James B. Slate, Jr., Director

September 6, 2006

MEMORANDUM 2006-06

TO: Division Directors
Office Directors

FROM: Jim Slate

SUBJECT: Instructions for SFY 2007-09 Expansion Budget Requests

The purpose of this memorandum is to address the expansion budget process for the 2007-09 biennial State Budget. This is the information the department will be using to develop its programmatic priorities and, ultimately, requesting the Governor's support in his supplemental budget recommendations.

The expansion budget process provides the opportunity for the department to obtain additional general fund appropriations to carry out mission critical operations, fund critical deficiencies and fund new programs. As divisions consider their expansion needs, they should evaluate the need for expansion funds for:

- Additional operating funds above those allowed in the continuation budget, including new and/or pilot programs;
- Proposals to change statutorily-controlled program by redirecting funds from one program to another;
- One-time funding for major equipment purchases;
- Continued phase-in of new programs initiated in a previous biennium;
- Legislatively-designed salary increases,
- Funds to replace lost federal funds.

Agencies are encouraged to submit all reasonable requests for departmental consideration. The final expansion request for DHHS will be determined by the Secretary in consultation with executive management team.

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Agencies should submit their expansion budget requests by using the attached electronic version of the OSBM "Worksheet II." The file, presented as an Excel workbook, contains two worksheets. The first worksheet should be completed by your agency. This worksheet represents the expansion budget request form that has been developed by OSBM. When completed, this file will generate an abbreviated presentation of your agency's expansion request that will be used as a management briefing tool. This summary document will automatically be produced on the second worksheet. Please note that a separate workbook for each expansion item must be submitted

As staff prepare each Worksheet II adjustments to the format provided for the entry of financial information their entries may change the formulas that generate information for the accompanying summary sheet. Staff need to take care to revise or adjust computational formulas that are built into the primary worksheet to insure that the correct information is carried forward into the expansion summary.

If you have questions about the preparation of the expansion budget package, or need assistance in this process, please contact your analyst in Budget & Analysis. Please remember to only complete the first worksheet in each workbook and to provide only one expansion request in each workbook. **Electronic copies of your expansion request are due to your B&A analyst no later than October 13, 2006.**

JBSjr:gg

Attachments

Cc: Carmen Hooker Odom
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Allen Dobson, MD
Jackie Sheppard
Lynnette Tolson
Analysts, Division of Budget and Analysis
Division Budget Officers